

## TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	1
AGENCY RESPONSE	2
FINDINGS AND RECOMMENDATIONS	
Salaries and Wages not Billed at Actual Cost	2
Grant Attorney and Social Worker Actual Cost not Billed	2
In-kind Amounts not Verified	2-3
Recommendations	3

## **INTRODUCTION**

The Muskegon County Probate Court had a contract with the Michigan Family Independence Agency (FIA) to subcontract with a Child Advocacy Office for services in child protection proceedings. The Child Advocacy Office was to consist of an attorney, social worker and trained volunteers. The Child Advocacy Office was to ascertain and advocate for the child's best interests, provide representation in legal proceedings, and to submit written reports and recommendations related to the child's needs to the probate court. The Muskegon County Probate Court and the Child Advocacy Office were to maintain and provide certain information as required by FIA so the program effectiveness could be evaluated. The Muskegon County Probate Court subcontracted with The Children's Law Center, Inc. (CLC) as the Child Advocacy Office. The Children's Law Center, Inc. billed the Muskegon County Probate Court which in turn billed FIA monthly under the actual cost reimbursement billing method

## **SCOPE**

We performed an audit of the costs submitted for reimbursement by the Muskegon County Probate Court (and CLC) for the period February 1, 1996 through March, 31, 1998. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

## **EXECUTIVE SUMMARY**

We found that the CLC (and the Muskegon County Probate Court) underbilled the FIA for one line item. In addition, we found that some salaries were billed based on the budget, rather than actual costs.

## **AGENCY RESPONSE**

The Muskegon County Probate Court (and CLC) did not respond to our draft report.

## **FINDINGS**

### **Salaries and Wages not Billed at Actual Cost**

1. The CLC billed \$10,039 for the salaries and wages of the Project Director, Office Coordinator, and Caseworker - Grand Rapids. The salaries and wages for the above positions were billed at budgeted amounts beginning in September of 1996. The amounts billed should have been based on the actual time spent on grant activities. These individuals worked part of the time on the FIA program, but did not keep records to document the amount of time that should have been billed. Questioned costs for this item are \$10,039.

### **Grant Attorney and Social Worker Actual Cost not Billed**

2. The CLC underbilled the FIA \$17,907 for the salaries and wages of the attorney and the social worker that were assigned to the grant. The salaries and wages billed did not agree to the gross pay of the individuals assigned 100% to the program.

### **In-kind Amounts not Verified**

3. The contract budgets included in-kind amounts for both CLC and the Muskegon County Probate Court.

There were no budgeted in-kind amounts for CLC except for the February 1, 1998 to September 30, 1998 contract extension. The budgeted in-kind amounts for that contract period included time of the Project Director and the Caseworker-Grand Rapids, supplies, and equipment. No in-kind amounts were submitted on the billings. We were unable to verify if CLC actually expended any in-kind amounts.

The in-kind amounts, per the budgets, for the Muskegon County Probate Court included time of court personnel, office space, and CASA volunteer costs. We were unable to verify that the Muskegon County Probate Court actually expended any in-kind amounts. No in-kind amounts were submitted on the billings.

WE RECOMMEND that Child and Family Services Administration advise the Muskegon County Probate Court (and CLC) that they may bill an additional \$17,209, if billing for this amount would not cause them to exceed the budget for salaries and wages or the budget in total.

WE ALSO RECOMMEND that Child and Family Services Administration require Muskegon County Probate Court (and CLC) to develop an acceptable method to allocate salaries and wages for the Project Director, Office Coordinator, and Caseworker - Grand Rapids; calculate the actual costs for the program; and make the appropriate adjustment.

WE ALSO RECOMMEND that Child and Family Services Administration require CLC and the Muskegon County Probate Court to calculate their in-kind costs based on the actual cost method, and retain documentation for those costs.